

State of Missouri

Communications Cost Allocation Plan



Fiscal Year 2012

Office of Administration Information Technology Services

State of Missouri Communications Cost Allocation Plan Fiscal Year 2012

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Background and General Description

Purpose

This document explains the methodology utilized by the Information Technology Services Division in developing rates for communications services provided to state agencies, colleges, and universities. The authorization to develop rate structures and establish a 1986 charging system is provided under Chapter 37, RSMo 1986.

This Cost Allocation Plan, and the process by which it is developed, is consistent with the revolving administrative trust fund methodology utilized by the Information Technology Services Division the past several years. The estimated expenditures and rates set forth herein provide the means for ensuring full cost recovery based on agency use of services. As with any plan, actual events and historical data will require close monitoring and some revisions.

Pricing Concepts

The major objective of the Information Technology Services Division is to provide state agencies and organizations cost effective and efficient shared communications resources. Achievement of this objective results in improved productivity in state government and more effective delivery of governmental services to the citizenry by state agencies.

The charging systems or objectives associated with this Cost Allocation Plan methodology can be summarized as follows:

- 1 establish usage sensitive pricing of services
- 2 provide rate stabilization
- 3 develop a cost for the total communications service package which is less than can be obtained elsewhere
- 4 provide agencies maximum flexibility in controlling use
- 5 minimize the impact of future rate changes and/or cost increases
- 6 maximize economies of scale opportunities available through resource sharing.

Revolving Administrative Trust Fund

The revolving administrative trust fund was established to receive funds paid or transferred to the Office of Administration by agencies of the state for goods and services utilized by

such agencies. Spending ceiling authorization is enacted annually by appropriation and any unencumbered balance in excess of 1/8 of the amount appropriated to the revolving administrative trust fund at the close of the fiscal year reverts to the general revenue fund in accordance with other provisions of the law. No monies are actually provided to the Office of Administration under this appropriation. The funds to pay for communications services are appropriated by the General Assembly directly to the state agencies, colleges, and universities. Payment for communications services are made by the Office of Administration from the revolving administrative trust fund. The fund is then replenished by monthly billing to state agencies, colleges and universities based on the use of services.

Expenditure Planning

One of the key components of this Cost Allocation Plan is developing an overall schedule and general allocation of anticipated expenditures. The expenditure plan contained in Section C of this report reflects the best estimate of the costs required to provide communications services to state agencies over a twelve month period.

Development Methodology

A cost-based development methodology was employed in establishing the billing rates detailed in this plan. The benefits of this cost based methodology are two fold:

(1) as a full cost approach, both direct and indirect costs are included, and the problem of under or over recovery of communications total budget costs is minimized, (2) it provides an equitable method for cost recovery; i.e., the rate is based on the amount of resources utilized.

The methodology for development of this Cost Allocation Plan can generally be summarized as the execution of the following eight work steps:

1 Determine Services Provided

The types of services provided by the Telecommunications and Network sections are based on the requirements of state agencies and are typically similar to services provided by regulated telephone utilities, facility based carriers, other common carriers, and resellers of inter-city telecommunications services. These services are provided by the Office of Administration when the state can obtain enhanced shared features and realize economy of scale.

2 Establish Units of Service

The unit of service utilized to measure the volume of service provided for each service type was established based on three major criteria: relationship to the function performed, measurability, and level of control which can be exercised by the customer agencies.

3 Compile Estimates of Utilization

The Fiscal Year 2011 utilization of each service category was compiled. The category estimates were then used as a basis for projections or estimates for Fiscal Year 2012 of each type of service.

4 Identify Types of Costs

Two basic types of costs were identified: (1) allocated direct; and (2) allocated indirect. Allocated direct costs were those costs that can be directly identified with providing a type of service. Costs allocated indirectly are related costs that cannot be directly identified with providing a specific type of service.

5 Determine Allocated Direct Costs

Budgeted expense and equipment costs that could be directly identified with providing a specific type of service were accumulated to determine total allocated direct cost by type of service. In some cases an expense or equipment cost applies to more than one service category. The cost is then split by percentage among the appropriate type of service.

6 Determine Allocated Indirect Costs

Budgeted expense, equipment and personnel costs that could be indirectly identified with providing a specific type of service were accumulated to determine total allocated indirect cost by type of service.

7 Summarized Total Cost by Service

Total cost by service was determined by adding the direct and indirect allocated costs.

8 Calculate Cost Per Unit of Service

The cost per unit of service was calculated by dividing the total annual cost by the total estimated annual utilization.

Service Category Definitions

Centrex Access

The basic unit of service provided by State Telecommunications to customers is access (dial tone). Embarq provides this service under the service mark of Centrex in Jefferson City, Rolla, Warrensburg and Maryville. This basic unit of service allows customers the ability to receive calls from any customer of the world-wide telecommunications system. Also associated with this basic service unit is the unlimited ability of Jefferson City, Rolla,

Warrensburg and Maryville customers to call other customers within their system with four or five digit dialing. This category also includes some other Embarq service areas and additional locations will be added throughout the year. Service to Butler, California Clinton, Lebanon and Warsaw was added in Fiscal Year 2003. Major cost components identified with this service element are the line charges and features which allow transmission and receipt of calls from the nationwide toll centers and the Federal End User charge.

Dedicated Long Distance

Within the Dedicated Long Distance rate are those costs for the dedicated facilities to terminate the AT&T T1s onto the state's PLEXAR and Centrex services and the cost per minute for the usage that either completes or originates using a PLEXAR or Centrex telephone line. Also included in this rate are the private T1s and central office components for locations that warrants dedicated facilities due to call volumes.

Switched Long Distance

Switched Long Distance is the cost-per-minute usage for calls originating from a state telephone line referred to as a Business Line, IFB or tariff local service. In other words, this category would be for any usage originating from a state telephone line other than a line defined as a PLEXAR or Centrex.

PLEXAR Access

Access (dial tone) is the basic unit of service provided to customers in cities served by AT&T Telephone Company and has the trademark of PLEXAR. This basic unit of service allows customers to receive calls from any caller on the worldwide telecommunications system. It also permits customers to have the unlimited ability to place calls on the local and state networks and allows three, four and five digit dialing within their system. The major cost elements associated with this service are the feature and station line charges and the Federal End User charge.

Data Circuits

Data circuit service is the physical facility and PVCs costs that are used for transport of data applications. Physical facilities include intrastate (inter and intra LATA) and interstate circuits connecting two or more locations together on a dedicated basis as well as MPLS, Frame Relay and local circuits. In general, this service provides the agencies with the order processing, billing functions and contract administration required with the dedicated data circuits. The cost element with this service is the circuit costs and an administrative fee.

Wireless Service

Wireless Service includes the purchase of wireless handheld devices and monthly service plans for Blackberry devices, PC modem cards, cellular phones, etc.

Voice Mail

This category of service provided to customers is access from the central office to the systems located in Jefferson City, Hannibal, Carthage, St. Joseph, Kansas City, Springfield, Sikeston, Hillsboro, Neosho, Nevada, Sedalia, Lee's Summit, Cape Girardeau, Farmington, Poplar Bluff, New Madrid, Joplin, St. Charles and St. Louis. The cost elements of this service include a monthly lease charge for the boxes in Warrensburg and Rolla as well as maintenance on owned systems.

Pass-Through Telephone Service

Pass-Through service is the process by which the charges billed by the telephone vendors are in turn billed to the appropriate agencies. Charges incurred for services such as local service, toll, and calling cards etc. are billed to the agencies with an administrative fee added.

Toll-Free

This category is for Toll-Free service such as 800, 888, 877, 866 and 855 numbers where agencies pay the per-call costs instead of the caller. The cost elements for this service include circuit, per minute service cost and an administrative fee.

Internet Services

Internet Services supplied to state agencies include bandwidth, redundancy, security measures, monitoring and troubleshooting. These services enable state employees to access a wealth of information available on the Internet, as well as allowing state agencies to provide information and e-business services to our customers. Agencies can also additionally utilize these services for VPN (virtual private network) connectivity to remote users or offices, as well as other services such as videoconferencing connectivity to locations outside the boundaries of state government.

Network and Security Connections

Network and Security Connection services represent the "core" network and security functions provided to all state agencies. As the enabler for connectivity from any agency to enterprise applications (e.g., SAM II), inter-agency electronic communications, or agency connectivity to the Internet, these services also provide various levels of security and redundancy for the customer structures. In addition, technical and consulting services are provided to agencies through this category.

Unified Communications (UC)

The UC category supports the state's VoIP network to include, but not limited to, Cisco Phones, Personal Communicator, Telepresence, Mobility, and Meeting Place. These services allow for improved collaboration and communication in the most efficient and effective methods available within the state.

Contact Information

- o **Deputy for Operations**

Steve Siegler

- o **Deputy for Administration**

Arlan Holmes

- o **Director of Networks and Telecommunications**

Pete Wieberg

- o **Telecommunications Services & Support**

Nancy Bochat

- o **Network Infrastructure Support**

B.J. Atchison

- o **Fiscal Services**

Joyce Crawford

State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012
Detailed Budget

| Personnel Service | | | Budget Amount | Budget Amount |
|--------------------------|------|---|---------------|---------------|
| | | | FY11 | FY12 |
| 1 | 100% | Account Clerk II | \$25,377 | \$25,377 |
| 2 | 100% | Account Clerk II | \$24,574 | \$24,574 |
| 3 | 100% | Account Clerk II | \$24,574 | \$25,377 |
| 4 | 100% | Accountant I | \$25,377 | \$29,577 |
| 5 | 100% | Accountant I | \$29,577 | \$29,577 |
| 6 | 100% | Accountant I | \$29,577 | \$35,312 |
| 7 | 100% | Accounting Anal II | \$35,312 | \$40,208 |
| 8 | 25% | Accounting Specialist II | \$40,208 | \$11,562 |
| 9 | 25% | Administrative Office Support Assistant | \$10,626 | \$7,395 |
| 10 | 21% | Administrative Office Support Assistant | \$11,562 | \$7,832 |
| 11 | 100% | Computer Info Tech I | \$7,832 | \$37,296 |
| 12 | 10% | Computer Info Tech I | \$37,296 | \$4,171 |
| 13 | 21% | Computer Info Tech Mgr I | \$3,730 | \$14,689 |
| 14 | 25% | Computer Info Tech Spec I | \$14,689 | \$13,590 |
| 15 | 100% | Computer Info Tech Spec I | \$54,360 | \$53,287 |
| 16 | 10% | Computer Info Tech Spec II | \$53,287 | \$5,786 |
| 17 | 20% | Computer Info Tech Spec II | \$54,360 | \$13,135 |
| 18 | 10% | Computer Info Tech Spec III | \$5,786 | \$6,995 |
| 19 | 100% | Computer Info Tech Spec III | \$13,135 | \$65,669 |
| 20 | 20% | Computer Info Tech Spec III | \$6,995 | \$13,416 |
| 21 | 100% | Computer Info Tech Supv II | \$65,669 | \$64,272 |
| 22 | 100% | Computer Info Technologist II | \$13,416 | \$33,420 |
| 23 | 100% | Computer Info Technologist III | \$35,053 | \$38,700 |
| 24 | 100% | Computer Info Technologist III | \$64,272 | \$40,212 |
| 25 | 100% | Computer Info Technologist IV | \$69,948 | \$55,548 |
| 26 | 100% | Computer Info Technologist IV | \$29,580 | \$49,104 |
| 27 | 100% | Data Processing Manager | \$38,700 | \$72,000 |
| 28 | 25% | Data Processor Professional | \$40,212 | \$16,770 |
| 29 | 21% | Designated Principal Asst Dept | \$55,548 | \$23,100 |
| 30 | 21% | Designated Principal Asst Div | \$54,360 | \$19,143 |
| 31 | 21% | Designated Principal Asst Div | \$49,104 | \$19,143 |
| 32 | 25% | Executive I | \$23,100 | \$8,661 |
| 33 | 25% | Executive I | \$19,143 | \$9,492 |
| 34 | 25% | Executive II | \$19,143 | \$10,053 |
| 35 | 100% | Fiscal & Administrative Mgr B1 | \$8,661 | \$55,536 |
| 36 | 25% | Fiscal and Administrative Mgr B2 | \$9,492 | \$15,889 |
| 37 | 100% | Information Technologist IV | \$10,053 | \$52,200 |
| 38 | 25% | Information Technology Spec I | \$55,536 | \$13,050 |
| 39 | 50% | Information Technology Spec I | \$16,769 | \$28,932 |
| 40 | 100% | Information Technology Spec II | \$15,889 | \$61,608 |
| 41 | 25% | Information Technology Spec II | \$14,493 | \$13,323 |
| 42 | 50% | Miscellaneous Professional | \$3,049 | \$13,569 |
| 43 | 25% | Procurement Ofcr II | \$26,637 | \$12,021 |
| 44 | 21% | Sect Mgr Div of Info Svcs | \$12,021 | \$16,020 |
| 45 | 21% | Special Asst Professional | \$16,020 | \$14,309 |

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012
Detailed Budget (Continued)**

| Personnel Service (Continued) | | | Budget Amount FY11 | Budget Amount FY12 |
|--------------------------------------|------|------------------------------------|-------------------------------|-------------------------------|
| 46 | 100% | Information Technology Spec II | \$14,309 | \$61,608 |
| 47 | 25% | Information Technology Spec II | \$74,272 | \$13,323 |
| 48 | 50% | Miscellaneous Professional | \$29,490 | \$13,569 |
| 49 | 25% | Procurement Ofcr II | \$28,053 | \$12,021 |
| 50 | 21% | Sect Mgr Div of Info Svcs | \$24,574 | \$16,020 |
| 51 | 21% | Special Asst Professional | \$24,551 | \$14,309 |
| 52 | 100% | Special Asst Professional | \$7,929 | \$74,272 |
| 53 | 100% | SR Office Support Asst (CLERICAL) | \$0 | \$29,490 |
| 54 | 100% | SR Office Support Asst (CLERICAL) | \$0 | \$28,053 |
| 55 | 100% | Sr. Office Support Asst (CLERICAL) | \$0 | \$25,355 |
| 56 | 25% | Sr. Office Support Asst (KEYBRD) | \$0 | \$7,929 |
| 57 | 100% | UC Engineer | \$0 | \$77,000 |
| | | | | \$1,463,000 |
| OVERTIME , UNALLOCATED PS | | | \$14,773 | \$14,630 |
| Fringe Benefits | | | \$611,742 | \$605,828 |
| Total Personnel Service: | | | \$2,103,794 | \$2,083,458 |

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012
Detailed Budget (Continued)**

| | Communications Expense and Equipment | Budget Amount | Budget Amount |
|------|--|---------------|---------------|
| | | FY11 | FY12 |
| J901 | Hardware and Software Maintenance | \$118,073 | \$145,000 |
| J904 | Software Maintenance | \$45,333 | \$52,658 |
| J906 | Hardware Purchase | \$163,250 | \$121,500 |
| J910 | Consulting Service | \$10,000 | \$10,000 |
| J911 | Wiring and General Services | \$25,000 | \$25,000 |
| | Consulting Service | -\$30,000 | \$0 |
| JI06 | Hardware, Software, Maintenance | \$142,787 | \$236,865 |
| JI07 | Fiber and Backhaul Charges | \$68,100 | \$60,000 |
| JI11 | Digital T1 (PRI) Data Circuits | \$12,000 | \$13,500 |
| JI14 | MoreNet Affiliate Fee | \$22,500 | \$25,000 |
| JI15 | MoreNet Primary Connection | \$152,563 | \$79,883 |
| JI16 | MoreNet Secondary Connection | \$36,800 | \$52,590 |
| JI21 | MoreNet Consulting | \$5,000 | \$4,500 |
| JI28 | Kinetic | \$6,875 | \$7,000 |
| JR01 | Centrex Lines - Embarq | \$2,761,396 | \$1,840,164 |
| JR02 | Centrex Tax & Misc - Embarq | \$198,924 | \$157,992 |
| JR03 | Centrex Fed End User - Embarq | \$361,182 | \$88,536 |
| JR04 | T1 Terminations (Plexar) | \$78,011 | \$78,996 |
| JR05 | Dedicated Long Distance Usage | \$989,878 | \$947,748 |
| JR06 | Plexar Lines - AT&T | \$1,809,174 | \$1,775,760 |
| JR07 | Plexar VFG Trunks - AT&T | \$1,119,726 | \$1,159,152 |
| JR08 | Plex Fed End User 9ZR - AT&T | \$1,314,539 | \$1,189,620 |
| JR09 | Plex Fed End Eucl Credit - AT&T | -\$1,085,297 | -\$1,063,080 |
| JR10 | Plexar Miscellaneous - AT&T | \$291,126 | \$280,836 |
| JR12 | Voice Mail Circuits | \$193,894 | \$219,787 |
| JR13 | Centrex Pass-Through - Embarq | \$445,585 | \$417,624 |
| JR14 | Toll-Free Service Pass Through | \$73,533 | \$18,912 |
| JR16 | Plexar Pass Through - AT&T | \$343,570 | \$198,072 |
| JR17 | Business Line Service | \$1,400,632 | \$1,706,976 |
| JR18 | Toll Usage on Business & Plexar Invoices | \$27,552 | \$38,520 |
| JR19 | Directory Assistance | \$14,072 | \$14,160 |
| JR21 | Toll-Free Termination Charges - AT&T | \$58,920 | \$56,664 |
| JR22 | Jeff City Music On Hold Circuit | \$426 | \$432 |
| JR24 | Metropolitan Area Network Services | \$651,859 | \$633,384 |
| JR25 | SMDR - AT&T | \$1,474 | \$1,560 |
| JR26 | ARS Package - AT&T | \$2,017 | \$1,800 |
| JR27 | Satellite Services | \$348,396 | \$370,740 |
| JR28 | Contract Long Distance Service | \$768,589 | \$793,848 |

State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012
Detailed Budget (Continued)

| Communications Expense and Equipment (continued) | Budget Amount | Budget Amount |
|---|---------------|---------------|
| | <u>FY11</u> | <u>FY12</u> |
| JR29 Calling Card Usage | \$14,177 | \$13,356 |
| JR30 Frame Relay & Tariff Circuits | \$1,653,390 | \$1,365,780 |
| JR31 Dial-Up Internet Access Service | \$272,957 | \$278,100 |
| JR34 LD Terminations (Plexar) - AT&T | \$82,200 | \$84,480 |
| JR35 Network Transport Circuits | \$492,148 | \$396,012 |
| JR37 ISDN-PRI | \$748,842 | \$823,440 |
| JR38 Tolls on Centrex Invoices | \$2,979 | \$2,976 |
| JR39 Voice Grade Circuits | \$70,603 | \$72,972 |
| JR40 Other Centrex Pass-Through | \$0 | \$0 |
| JR41 Wireless Services | \$3,691,358 | \$3,751,692 |
| JR45 Toll Free Usage | \$2,283,745 | \$2,177,124 |
| JR46 MPLS | \$4,363,119 | \$5,287,968 |
| JR47 International Usage | \$30,498 | \$49,140 |
| JR48 Wireless Accessories | \$0 | \$3,780 |
| JR49 Adobe Connect | \$0 | \$42,132 |
| JR50 Subscription Voice Mail | \$0 | \$5,508 |
| JR51 Conference Call Services | \$0 | \$76,416 |
| JR52 Network Directory Listings | \$0 | \$600 |
| JT40 Voice Mail Maintenance | \$50,000 | \$50,000 |
| JT41 Voice Mail New Equipment | \$0 | \$0 |
| JU01 Remediation | \$0 | \$379,932 |
| JU02 Network Equipment | \$0 | \$0 |
| JU03 Maintenance on Network Equipment | \$0 | \$0 |
| JU04 Core UC Structure | \$0 | \$0 |
| JU05 Maintenance on Core Structure | \$0 | \$0 |
| JU06 Consulting Services - Installation | \$0 | \$0 |
| JU07 Consulting Services - Ongoing | \$0 | \$0 |
| JU08 PSTN Trunks | \$0 | \$310,476 |
| JU09 Network Upgrades | \$0 | \$400,000 |
| JU10 Client License | \$0 | \$0 |
| JU11 End-User Devices | \$0 | \$30,096 |
| JU12 Telepresence | \$0 | \$136,572 |
| JU13 UC Loan Amt | \$0 | \$1,975,724 |
| JU14 UC Interest | \$0 | \$0 |
| JU15 UC LD Circuits | \$0 | \$9,600 |
| Total Expense & Equipment | \$28,031,824 | \$29,485,575 |

State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012
Detailed Budget (Continued)

| General Support (Indirect) Expense and Equipment | | Budget Amount | Budget Amount |
|---|---|----------------------|----------------------|
| | | FY11 | FY12 |
| JT02 | In State Mileage | \$1,500 | \$1,500 |
| JT03 | In State Lodging | \$4,000 | \$4,000 |
| JT04 | In State Meals | \$1,500 | \$1,500 |
| JT05 | In State Other | \$250 | \$250 |
| JT06 | Out State Mileage | \$500 | \$500 |
| JT07 | Commerical Trans. | \$2,750 | \$2,750 |
| JT08 | Out State Lodging | \$3,000 | \$3,000 |
| JT09 | Out State Meals | \$500 | \$500 |
| JT10 | Out State Other | \$75 | \$75 |
| JT11 | Office supplies | \$3,500 | \$3,500 |
| JT12 | Postage | \$8,000 | \$8,000 |
| JT13 | Subscriptions | \$50 | \$50 |
| JT14 | Other Admin Supplies | \$100 | \$100 |
| JT15 | Vehicle Repair | \$2,500 | \$2,500 |
| JT16 | Motor Fuel | \$1,000 | \$1,000 |
| JT17 | Memberships | \$5,000 | \$5,000 |
| JT18 | Training | \$15,000 | \$15,000 |
| JT19 | Tuition | \$2,000 | \$2,000 |
| JT20 | Telcom Supplies | \$6,000 | \$6,000 |
| JT21 | Telcom Charges | \$17,500 | \$17,500 |
| JT22 | Internet | \$350 | \$350 |
| JT23 | Cellular charges | \$1,500 | \$1,500 |
| JT24 | Pagers | \$500 | \$500 |
| JT25 | Express services | \$100 | \$100 |
| JT26 | Printing | \$2,500 | \$2,500 |
| JT27 | Temporaries or Compco consulting | \$60,000 | \$60,000 |
| JT28 | SDC charges | \$10,000 | \$10,000 |
| JT30 | Computer Hardware Maint. | \$600 | \$600 |
| JT31 | Software Maintenance- Compco and TMetrics | \$49,735 | \$49,735 |
| JT32 | Office Equip Maint. | \$400 | \$400 |
| JT34 | Desktop Computer Equip. | \$10,000 | \$10,000 |
| JT35 | Software | \$2,500 | \$2,500 |
| JT36 | Comm. Equip. | \$1,500 | \$1,500 |
| JT37 | Office Furniture | \$250 | \$250 |
| JT38 | Office Equip. | \$500 | \$500 |
| JT39 | Food | <u>\$250</u> | <u>\$250</u> |
| Subtotal General Support (Indirect) | | \$215,410 | \$215,410 |
| Total E&E Budget | | \$28,411,089 | \$29,700,985 |
| Total Budget | | \$30,514,883 | \$31,784,443 |

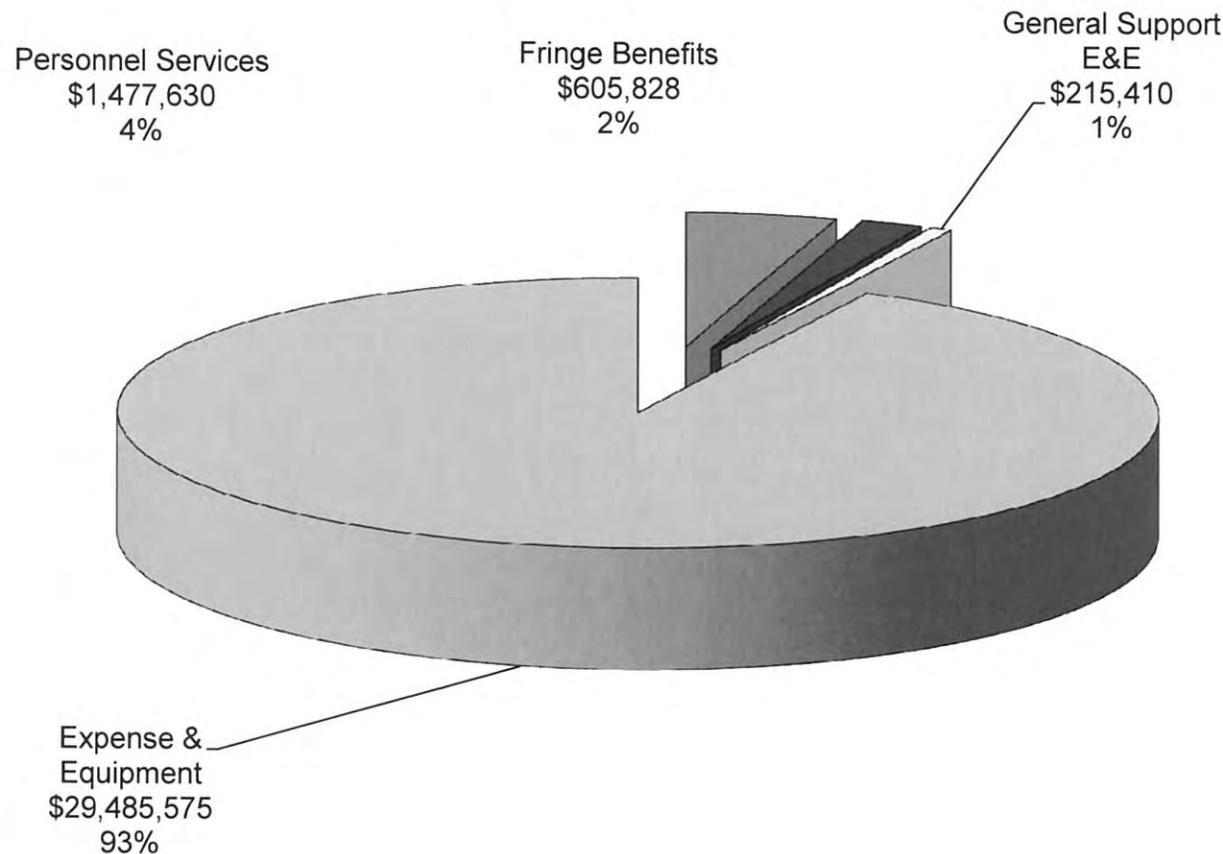
**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012**

Budget By Fund

Revolving Fund

| | |
|---------------------|------------------|
| Personnel Service | \$1,477,630 |
| Expense & Equipment | \$29,700,985 |
| Fringe Benefits | <u>\$605.828</u> |
| Total | \$31,784,443 |

Communications Expenses By Fund



**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012
Centrex Access**

Annual Estimated Utilization

Number of Lines:

87,096

Estimated Cost:

Direct Allocation - Expense and Equipment

| <u>Description</u> | <u>FY11 Budget Amount</u> | <u>FY12 Budget Amount</u> |
|---|---------------------------|---------------------------|
| JR01 Centrex Lines - Embarq | \$3,039,228 | \$1,840,164 |
| JR02 Centrex Tax & Misc - Embarq | \$222,316 | \$157,992 |
| JR03 Centrex Fed End User - Embarq | \$421,981 | \$88,536 |
| JR22 Jeff City Music On Hold Circuit | \$1,116 | \$432 |
| Subtotal Expense and Equipment | \$3,684,641 | \$2,087,124 |
| Direct Personnel | \$117,229 | \$75,619 |
| Total Direct Allocation | \$3,801,870 | \$2,162,743 |
| Indirect Costs Allocated | \$106,550 | \$48,125 |
| Total Allocated Costs | \$3,908,420 | \$2,210,868 |
| Retained Earnings Reduction | \$0 | \$0 |
| RATF Transfer | \$0 | \$0 |
| Total Collectable Costs | \$3,908,420 | \$2,210,868 |
| <u>\$2,210,867.88</u> | = | \$25.38 |
| 87,096 | | |
| Additional Centrex Charges: | | |
| <u>FEDERAL UNIVERSAL FUND*</u> | \$0.50 | |
| <u>MISSOURI UNIVERSAL FUND*</u> | \$0.06 | |
| TOTAL | \$25.94 | |

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012
Dedicated Long Distance**

Annual Estimated Utilization (in minutes):
27,895,423

Estimated Cost:
Direct Allocation - Expense and Equipment

| <u>Description</u> | <u>FY11 Budget Amount</u> | <u>FY12 Budget Amount</u> |
|--------------------------------------|---------------------------|---------------------------|
| JR04 T1 Terminations (Plexar) | \$73,788 | \$78,996 |
| JR05 Dedicated Long Distance Usage | \$1,213,325 | \$947,748 |
| JR07 Plexar VFG Trunks - AT&T | \$433,317 | \$500,754 |
| JR25 SMDR - AT&T | \$871 | \$1,560 |
| JR26 ARS Package - AT&T | \$2,618 | \$1,800 |
| JR34 LD Terminations (Plexar) - AT&T | \$82,200 | \$84,480 |
| JR36 Voice T1's (DMS to DMS) | \$0 | \$0 |
| JR52 Network Directory Listings | \$0 | \$600 |
| JU15 UC LD Circuits | \$3 | \$9,600 |
| Subtotal Expense and Equipment | \$1,806,119 | \$1,625,538 |
| Direct Personnel | \$69,441 | \$54,162 |
| Total Direct Allocation | \$1,875,560 | \$1,679,699 |
| Indirect Costs Allocated | \$52,564 | \$37,376 |
| Total Allocated Costs | \$1,928,124 | \$1,717,076 |
| Retained Earnings Reduction | \$0 | \$0 |
| RATF Transfer | \$0 | \$0 |
| Total Collectable Costs | \$1,928,124 | \$1,717,076 |
| | | |
| \$1,717,076 27,895,423 | = | \$0.0616 |

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012
Switched Long Distance**

Annual Estimated Utilization (in minutes):

11,570,820

Estimated Cost:

Direct Allocation - Expense and Equipment

| <u>Description</u> | FY11 Budget Amount | FY12 Budget Amount |
|-------------------------------------|-----------------------|-----------------------|
| JR28 Contract Long Distance Service | \$726,023 | \$793,848 |
| Subtotal Expense and Equipment | \$726,023 | \$793,848 |
| Direct Personnel | \$94,228 | \$79,681 |
| Total Direct Allocation | \$820,251 | \$873,529 |
| Indirect Costs Allocated | \$22,988 | \$19,438 |
| Total Allocated Costs | \$843,239 | \$892,966 |
| Retained Earnings Reduction | \$0 | \$0 |
| RATF Transfer | \$0 | \$0 |
| Total Collectable Costs | \$843,239 | \$892,966 |
| | | |
| <u>\$892,966</u> | = | \$0.0772 |
| 11,570,820 | | |

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012
Plexar Access**

Annual Estimated Utilization

Number of Lines:

221,928

Estimated Cost:

Direct Allocation - Expense and Equipment

| <u>Description</u> | <u>FY11 Budget Amount</u> | <u>FY12 Budget Amount</u> |
|--------------------------------------|---------------------------|---------------------------|
| JR06 Plexar Lines - AT&T | \$2,042,118 | \$1,775,760 |
| JR07 Plexar VFG Trunks - AT&T | \$569,731 | \$658,398 |
| JR08 Plex Fed End User 9ZR - AT&T | \$1,252,651 | \$1,189,620 |
| JR09 Plex Fed End Eucl Credit - AT&T | -\$1,124,173 | -\$1,063,080 |
| JR10 Plexar Miscellaneous - AT&T | \$279,670 | \$280,836 |
| Subtotal Expense and Equipment | \$3,019,998 | \$2,841,534 |
| Direct Personnel | \$145,685 | \$94,653 |
| Total Direct Allocation | \$3,165,683 | \$2,936,187 |
| Indirect Costs Allocated | \$88,720 | \$65,336 |
| Total Allocated Costs | \$3,254,403 | \$3,001,522 |
| Retained Earnings Reduction | \$0 | \$0 |
| RATF Transfer | \$0 | \$0 |
| Total Collectable Costs | \$3,254,403 | \$3,001,522 |
| <u>\$3,001,522</u> | = | \$13.52 |
| 221,928 | | |
| Additional Plexar Charges:* | | |
| <u>FEDERAL UNIVERSAL FUND*</u> | <u>\$0.10</u> | |
| <u>MISSOURI UNIVERSAL FUND*</u> | <u>\$0.04</u> | |
| TOTAL | \$13.66 | |

Plexar Pricing Policy:

- Lines added after the beginning of the fiscal year will be at cost if cost is greater than CAP until the next annual CAP is developed. New Plexar lines which cost more than CAP will be evaluated by the Rate Committee and may never be in the CAP rate.
- Customers pay all install charges.
- Rates are based on a 2-year agreement, customers pay all penalties related to early disconnects.

*Additional charges may increase or decrease throughout the Fiscal Year depending on FCC or PSC rulings.

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012
Data Circuits**

Annual Estimated Utilization

Actual Circuit Costs

Estimated Cost:

Direct Allocation - Expense and Equipment

| <u>Description</u> | <u>FY11 Budget Amount</u> | <u>FY12 Budget Amount</u> |
|---|---------------------------|---------------------------|
| JR24 Metropolitan Area Network Services | \$641,657 | \$633,384 |
| JR27 Satellite Services | \$269,478 | \$370,740 |
| JR30 Frame Relay & Tariff Circuits | \$2,306,353 | \$1,365,780 |
| JR35 Network Transport Circuits | \$802,925 | \$396,012 |
| JR37 ISDN-PRI | \$704,062 | \$823,440 |
| JR39 Voice Grade Circuits | \$71,344 | \$72,972 |
| JR46 MPLS | \$3,344,838 | \$5,287,968 |
| Subtotal Expense and Equipment: | \$8,140,656 | \$8,950,296 |
| Direct Personnel | \$174,139 | \$167,043 |
| Total Direct Allocation | \$8,314,795 | \$9,117,339 |
| Indirect Costs Allocated | \$233,028 | \$202,878 |
| Total Allocated Costs | \$8,547,823 | \$9,320,217 |
| Retained Earnings Reduction | 0 | \$0 |
| Total Collectable Costs | \$8,547,823 | \$9,320,217 |
| | | |
| <u>\$9,320,217</u> | x 100% = | 104.13% |
| <u>\$8,950,296</u> | | |

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012
Voice Mail Charge**

Annual Estimated Utilization

Number of mailboxes:

141,276

Estimated Cost:

Direct Allocation - Expense and Equipment

| <u>Description</u> | <u>FY11 Budget Amount</u> | <u>FY12 Budget Amount</u> |
|--------------------------------|-------------------------------|-------------------------------|
| JR12 Voice Mail Circuits | \$225,399 | \$219,787 |
| JT40 Voice Mail Maintenance | \$50,000 | \$50,000 |
| JT41 Voice Mail New Equipment | \$0 | \$0 |
| JR50 Subscription Voice Mail | \$0 | \$5,508 |
| Subtotal Expense and Equipment | \$275,399 | \$275,295 |
| Direct Personnel | \$174,611 | \$43,670 |
| Total Direct Allocation | \$450,010 | \$318,965 |
| Indirect Costs Allocated | \$12,612 | \$7,098 |
| Total Allocated Costs | \$462,622 | \$326,063 |
| RATF Transfer | \$0 | \$0 |
| Total Collectable Costs | \$462,622 | \$326,063 |
| | | |
| <u>\$326,063</u> | = | <u>\$2.31</u> |
| <u>141,276</u> | | |

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012
Pass-Through Telephone Service**

Annual Estimated Utilization

Actual Costs

Estimated Cost:

Direct Allocation - Expense and Equipment

| <u>Description</u> | <u>FY11 Budget Amount</u> | <u>FY12 Budget Amount</u> |
|---|---------------------------|---------------------------|
| JR13 Centrex Pass-Through - Embarq | \$488,861 | \$417,624 |
| JR14 Toll-Free Service Pass Through | \$73,533 | \$18,912 |
| JR16 Plexar Pass Through - AT&T | \$265,570 | \$198,072 |
| JR17 Business Line Service | \$1,592,207 | \$1,706,976 |
| JR18 Toll Usage on Business & Plexar Invoices | \$64,813 | \$38,520 |
| JR19 Directory Assistance | \$16,172 | \$14,160 |
| JR29 Calling Card Usage | \$26,145 | \$13,356 |
| JR31 Dial-Up Internet Access Service | \$264,505 | \$278,100 |
| JR38 Tolls on Centrex Invoices | \$2,083 | \$2,976 |
| JR47 International Usage | \$80,946 | \$49,140 |
| JR48 Wireless Accessories | \$0 | \$3,780 |
| JR49 Adobe Connect | \$0 | \$42,132 |
| JR51 Conference Call Services | \$0 | \$76,416 |
| Subtotal Expense and Equipment | \$2,874,833 | \$2,860,164 |
| | | |
| Direct Personnel | \$119,827 | \$50,577 |
| Total Direct Allocation | \$2,994,660 | \$2,910,741 |
| Indirect Costs Allocated | \$83,927 | \$64,769 |
| Total Allocated Costs | \$3,078,588 | \$2,975,510 |
| Retained Earnings Reduction | -\$88,762 | \$0 |
| Total Collectable Costs | \$2,989,826 | \$2,975,510 |
| | | |
| | <u>\$2,975,510</u> | = |
| | <u>\$2,860,164</u> | 104.03% |

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012
Toll-Free**

Annual Estimated Utilization

Number of minutes:

46,201,552

Estimated Cost:

Direct Allocation - Expense and Equipment

| <u>Description</u> | <u>FY11 Budget Amount</u> | <u>FY12 Budget Amount</u> |
|---|-------------------------------|-------------------------------|
| JR21 Toll-Free Termination Charges - AT&T | \$58,920 | \$56,664 |
| JR45 Toll Free Usage | \$2,935,229 | \$2,177,124 |
| Subtotal Expense and Equipment | \$2,994,149 | \$2,233,788 |
| Direct Personnel | \$80,251 | \$62,351 |
| Total Direct Allocation | \$3,074,400 | \$2,296,139 |
| Indirect Costs Allocated | \$86,162 | \$51,093 |
| Total Allocated Costs | \$3,160,563 | \$2,347,233 |
| RATF Transfer | \$0 | \$0 |
| Total Collectable Costs | \$3,160,563 | \$2,347,233 |
| | | |
| \$2,347,233 | = | \$0.0508 |
| 46,201,552 | | |

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012
Internet Service**

Annual Estimated Utilization

Number of accounts:

51,721

Estimated Cost:

Direct Allocation - Expense and Equipment

| <u>Description</u> | <u>FY11 Budget Amount</u> | <u>FY12 Budget Amount</u> |
|--------------------------------------|---------------------------|---------------------------|
| JI06 Hardware, Software, Maintenance | \$142,787 | \$236,865 |
| JI07 Fiber and Backhaul Charges | \$68,100 | \$60,000 |
| JI11 Digital T1 (PRI) Data Circuits | \$12,000 | \$13,500 |
| JI14 MoreNet Affiliate Fee | \$22,500 | \$25,000 |
| JI15 MoreNet Primary Connection | \$152,563 | \$79,883 |
| JI16 MoreNet Secondary Connection | \$36,800 | \$52,590 |
| JI21 MoreNet Consulting | \$5,000 | \$4,500 |
| JI28 Kinetic | <u>\$6,875</u> | <u>\$7,000</u> |
| Total Direct Expenses | \$446,625 | \$479,338 |
| Direct Personnel | \$156,383 | \$176,582 |
| Total Indirect Expenses | \$16,900 | \$14,595 |
| Total Allocated Costs | \$619,908 | \$670,515 |
| RATF Transfer | \$0 | \$0 |
| Retained Earnings Reduction | \$0 | \$0 |
| Total Collectable Costs | \$619,908 | \$670,515 |
| <u>\$670,515</u> | = | \$12.96 |
| 51721 | | |

see distribution of costs, pages 27 & 28

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012
Network & Security Connection**

Annual Estimated Utilization

Number of accounts:

64,237

Estimated Cost:

Direct Allocation - Expense and Equipment

| Description | FY11 Budget Amount | FY12 Budget Amount |
|--|-----------------------|-----------------------|
| J901 Hardware and Software Maintenance | \$118,073 | \$145,000 |
| J904 Software Maintenance | \$45,333 | \$52,658 |
| J906 Hardware Purchase | \$163,250 | \$121,500 |
| J910 Consulting Service | \$10,000 | \$10,000 |
| J911 Wiring and General Services | \$25,000 | \$25,000 |
| Consulting Service | -\$30,000 | \$0 |
| Subtotal Expense and Equipment: | \$331,656 | \$354,158 |
| Direct Personnel | \$266,907 | \$187,512 |
| Total Direct Allocation | \$598,563 | \$541,670 |
| Indirect Costs Allocated | \$16,775 | \$12,053 |
| Total Allocated Costs | \$615,338 | \$553,723 |
| Retained Earnings Reduction | -\$165,400 | \$0 |
| Total Collectable Costs | \$449,938 | \$553,723 |

*See Rate Schedule
page 30*

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012
Wireless Service**

Annual Estimated Utilization

Actual Costs

Estimated Cost:

Direct Allocation - Expense and Equipment

| <u>Description</u> | <u>FY11 Budget Amount</u> | <u>FY12 Budget Amount</u> |
|---------------------------------|-------------------------------|-------------------------------|
| JR41 Wireless Services | \$3,895,580 | \$3,751,692 |
| Subtotal Expense and Equipment: | \$3,895,580 | \$3,751,692 |
| Direct Personnel | \$88,617 | \$96,264 |
| Total Direct Allocation | \$3,984,197 | \$3,847,956 |
| Indirect Costs Allocated | \$111,660 | \$85,624 |
| Total Allocated Costs | \$4,095,857 | \$3,933,581 |
| Retained Earnings Reduction | -\$102,894.50 | (\$88,100) |
| Total Collectable Costs | \$3,992,962 | \$3,845,481 |

$$\frac{\$3,845,481}{\$3,751,692} \times 100\% = 102.50\%$$

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012
Unified Communications**

Annual Estimated Utilization
Actual Costs

Estimated Cost:
Direct Allocation - Expense and Equipment

| <u>Description</u> | <u>FY11 Budget Amount</u> | <u>FY12 Budget Amount</u> |
|---|---------------------------|---------------------------|
| JU01 Remediation | \$0 | \$379,932 |
| JU02 Network Equipment | \$0 | \$0 |
| JU03 Maintenance on Network Equipment | \$0 | \$0 |
| JU04 Core UC Structure | \$0 | \$0 |
| JU05 Maintenance on Core Structure | \$0 | \$0 |
| JU06 Consulting Services - Installation | \$0 | \$0 |
| JU07 Consulting Services - Ongoing | \$0 | \$0 |
| JU08 PSTN Trunks | \$0 | \$310,476 |
| JU09 Network Upgrades | \$0 | \$400,000 |
| JU10 Client License | \$0 | \$0 |
| JU11 End-User Devices | \$0 | \$30,096 |
| JU12 Telepresence | \$0 | \$136,572 |
| JU13 UC Loan Amt | \$1 | \$1,975,724 |
| JU14 UC Interest | \$2 | \$0 |
| Subtotal Expense and Equipment: | \$0 | \$3,232,800 |
| Direct Personnel | \$0 | \$518,887 |
| Total Direct Allocation | \$0 | \$3,751,687 |
| Indirect Costs Allocated | \$0 | \$83,482 |
| Total Allocated Costs | \$0 | \$3,835,169 |
| Retained Earnings Reduction | \$0 | \$0 |
| Total Collectable Costs | \$0 | \$3,835,169 |

See Rate Schedule
page 31

**State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2012
Unified Communications Rates**

| | |
|----------------------------------|------------|
| UC 2-Line Phone Lease | \$3.40 |
| UC 2-Line Phone Purchase | \$286.00 |
| UC 6-Line Phone Lease | \$4.37 |
| UC 6-Line Phone Purchase | \$367.00 |
| UC Basic Level Service Plan | \$3.93 |
| UC Basic Phone Purchase | \$119.00 |
| UC Conference Phone Purchase | \$1,057.00 |
| UC Conversion Level Service Plan | \$6.01 |
| UC Core Service | \$18.00 |
| UC DID number | \$0.15 |
| UC Handset Cord Purchase | \$3.50 |
| UC Prof Level Service Plan | \$8.43 |
| UC Public Level Service Plan | \$2.16 |
| UC Side Car Purchase | \$308.50 |
| UC Standard Level Service Plan | \$5.01 |
| UC Video Phone Purchase | \$620.00 |

STATE OF MISSOURI COMMUNICATIONS
COST ALLOCATION PLAN
Fiscal Year 2012
RATE CALCULATION SUMMARY

| | | CENTREX ACCESS | Dedicated LONG DISTANCE | Switched LONG DISTANCE | PLEXAR ACCESS | DATA CIRCUITS | VM ADMIN. CHARGE** | PASS THRU | TOLL FREE | INTERNET SERVICE | NETWORK & SECURITY CONNECTION | WIRELESS SERVICE | UNIFIED COMM | | |
|----|----------|-------------------|-------------------------------|------------------------------|------------------|-------------------------|--------------------------|--------------|--------------|---------------------|-------------------------------------|--------------------------|-------------------|-------------|-------------------|
| 29 | DIRECT | PS | \$75,619 | \$54,162 | \$79,681 | \$94,653 | \$167,043 | \$43,670 | \$50,577 | \$62,351 | \$176,582 | \$187,512 | \$96,264 | \$518,887 | \$1,607,001 |
| | | E&S | \$2,087,124 | \$1,625,538 | \$793,848 | \$2,841,534 | \$8,950,296 | \$275,295 | \$2,860,164 | \$2,233,788 | \$479,338 | \$354,158 | \$3,751,692 | \$3,232,800 | \$29,485,575 |
| | INDIRECT | PS | \$33,141 | \$25,739 | \$13,386 | \$44,994 | \$139,712 | \$4,888 | \$44,604 | \$35,186 | \$10,051 | \$8,300 | \$58,965 | \$57,490 | \$476,457 |
| | | E&E | \$14,984 | \$11,637 | \$6,052 | \$20,342 | \$63,165 | \$2,210 | \$20,166 | \$15,908 | \$4,544 | \$3,753 | \$26,659 | \$25,992 | \$215,410 |
| | TOTAL | SUB | \$48,125 | \$37,376 | \$19,438 | \$65,336 | \$202,878 | \$7,098 | \$64,769 | \$51,093 | \$14,595 | \$12,053 | \$85,624 | \$83,482 | \$691,867 |
| | | | \$2,210,868 | \$1,717,076 | \$892,966 | \$3,001,522 | \$9,320,217 | \$326,063 | \$2,975,510 | \$2,347,233 | \$670,515 | \$553,723 | \$3,933,581 | \$3,835,169 | \$31,784,443 |
| | COST | RE AMT | | | | | | -\$44,000.00 | | | | | -\$88,100.00 | | |
| | | | \$2,210,868 | \$1,717,076 | \$892,966 | \$3,001,522 | \$9,320,217 | \$282,063 | \$2,975,510 | \$2,347,233 | \$670,515 | \$553,723 | \$3,845,481 | \$3,835,169 | \$31,784,443 |
| | UTIL | LINES | 87,096 | 27,895,423 | 11,570,820 | 221,928 | \$8,950,296 | 141,276 | \$ 2,860,164 | 46,201,552 | 51721 | | \$3,751,692 | | |
| | | | | MIN | MIN | LINES | COST | LINES | COST | MIN | ACCOUNTS | | COST | | |
| | RATE | | \$25.38 (see note +) | \$0.0616 | \$0.0772 | \$13.52 (see note +) | | 104.13% | \$2.00 | 104.03% | \$0.0508 | \$12.96 (see note ++) | SEE RATE TABLE | 102.50% | SEE RATE TABLE |
| | | | \$0.50 | | | | \$0.10 | | | | | | | | |
| | MUSF | | \$0.06 | | | | \$0.04 | | | | | | | | |
| | | | \$25.94 | | | | \$13.66 | | | | | | | | |

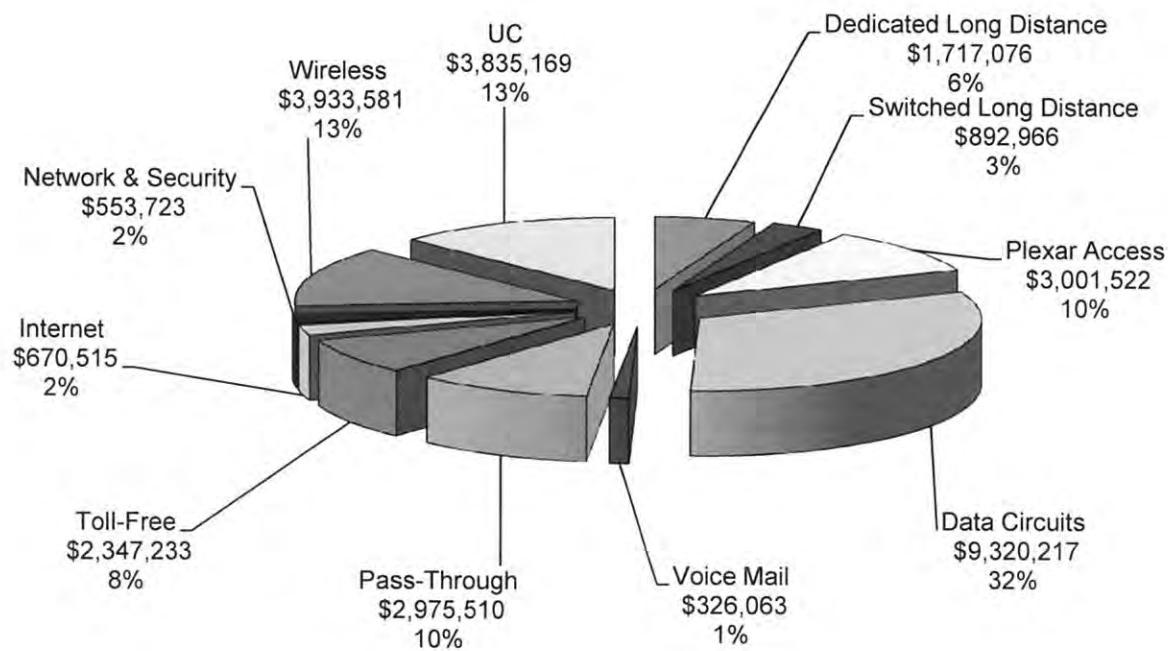
*Additional charges may increase or decrease throughout the Fiscal Year depending on FCC or PSC rulings.

**This rate is for existing mailboxes only. After conversion to the new voice mail system, rates will need to be re-evaluated.

+ This rate may vary according to installed base.

++ This rate depends on MOREnet's final rates and could change.

Total Allocated Cost by Rate Category



**STATE OF MISSOURI TELECOMMUNICATIONS
COST ALLOCATION PLAN
Fiscal Year 2012
RATE SUMMARY**

CAP Rates

| | |
|--------------------------------|------------------------------|
| Centrex Access | \$25.38 per line + FCC costs |
| Dedicated Long Distance | \$0.0616 per minute |
| Switched Long Distance | \$0.0772 per minute |
| Plexar Access | \$13.52 per line + FCC costs |
| Data Circuits | 104.13% of actual cost |
| Voice Mail (standard mailbox) | \$2.00 per mailbox |
| Pass-Through Telephone Service | 104.03% of actual cost |
| Toll-Free | \$0.0508 per minute |
| Internet | \$12.96 per account |
| Network & Security | see rate schedule |
| Wireless | 102.5% of actual cost |
| Unified Communications | see rate schedule |

Directory Assistance

| | |
|------------|-----------------|
| Intrastate | \$1.99 per call |
| Interstate | \$1.99 per call |
| Toll | Actual Cost |

Conference Calls

| | |
|-------------|------------------|
| Progressive | \$10.00 per hour |
| Meet-Me | \$5.00 per hour |

NOTE: Charges may apply if a scheduled conference is canceled without adequate advance notice.

Contract Services

| | |
|--------------------------------|---------------------------------|
| Calling Card Cost (per minute) | \$.07 day/evening/night/weekend |
| ISDN Calls | \$.13 day/evening/night/weekend |